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SUBJECT: TIFA DELEGATION MEETS MAURITIAN PRIME MINISTER

Classified By: Charge d'Affaires Virginia Blaser for reasons 1.4 (b,d).

¶1. (C) SUMMARY: Assistant U.S. Trade Representative for Africa Florizelle Liser, accompanied by CDA and other USG officials, called on Prime Minister Navin Ramgoolam April 20. Ramgoolam claimed some credit for efforts to diversify Mauritius exports and the resulting resiliency of his country in the global economic downturn. The Prime Minister and his team expressed concern about the proposed New Partnership for Development Act (NPDA). They also showed strong interest in increased trade links with the U.S. END SUMMARY.

¶2. (U) On April 20, on the eve of the Trade and Investment Framework Agreement (TIFA) Council discussions, the U.S. delegation, led by Assistant U.S. Trade Representative for Africa (AUSTR), Florizelle Liser, paid a courtesy call on Prime Minister Navin Ramgoolam. In addition to AUSTR Liser, U.S. attendees included Patrick Coleman, Director for African Affairs in the Office of the USTR, Dan Jacobs, Senior Negotiator, Office of Investment Affairs, State Department, and Embassy Charge Virginia Blaser with POLOFF as notetaker. The Prime Minister (PM) was accompanied by former Mauritian Ambassador to the United States, Kailash Ruhee, who now serves as the PM's Chief of Staff.

¶3. (U) AUSTR Liser set the pragmatic yet optimistic tone of the meeting, quoting the new USTR, Ambassador Ron Kirk, to the effect that we should keep up hope despite living in a world of change and significant economic downturn. The Prime Minister took this chance to highlight results of his administration's diversification efforts by noting that although Mauritius is feeling the ripples of the global economic crisis in its tourism and textile sectors, it has remained surprisingly resilient to its effects.

¶4. (U) AUSTR Liser commended the PM for his vision to diversify Mauritius' economy away from reliance on textiles and sugar and mentioned that her delegation would be visiting operations that embodied this diversification such as, Compagnie Agricole de Labourdonnais (exports jams, fruit pastes, and other goods to the U.S.), and Plastinax Austral (exports eyewear to the U.S.). AUSTR Liser said that her visit to Ferme Marine Mahebourg (FMM), an aquaculture company already exporting tuna loins to the U.S., convinced her that despite the progress, Mauritius still has a huge potential for expansion and more value-added processing. Likewise, Liser noticed that although the downturn may have, thus far, been lenient to the Mauritian economy-at-large, operators like FMM suffered a huge decrease in their exports to the U.S. when the dollar began to fall sharply against the rupee.

¶5. (U) While on the fisheries sector, the PM turned the conversation to a recurring issue of concern for Mauritians regarding the Africa Growth and Opportunity Act (AGOA) exports, "Rules of Origin" as it pertains to exporting canned tuna. AUSTR Liser said the rules governing the fisheries sector have been in place a long time, but noted that

Mauritius might either take its concern of value-added to fish caught by foreign-flagged vessels to U.S. Customs for a ruling or attempt to add the necessary value to the fish by canning them in cans from South Africa instead of France. The PM took this as a noteworthy point and expressed hope that more on this issue would be discussed at the subsequent TIFA Council meeting.

16. (C) The conversation then turned to another potential threat to AGOA exports, the New Partnership for Development Act (NPDA), a piece of legislation written by Congressman Jim McDermott (D-Washington) that would extend AGOA-like trade benefits to other least developed countries (LDCs). The Prime Minister voiced concern that some of the envisaged LDCs that would benefit would include countries like Bangladesh and Cambodia, which are already apparel powerhouses. Extending more benefits to them, according to opponents, would devastate the growing textile and apparel sector in Africa. The PM said the NPDA would be a detriment to AGOA, and that he had brought this issue directly to Congressman McDermott. The PM said that during his August 2008 trip to the Democratic National Convention, he told McDermott that by attempting to combat poverty in this way you will potentially impoverish many in Africa by taking away jobs. AUSTRLiser noted that Bangladesh already exports, by value, five times as many textile products as all of Sub-Saharan Africa. AUSTRLiser said that the only compromise she has heard so far is that countries like Bangladesh and Cambodia would not receive benefits from the products that African nations are successful in exporting. She added that while African Ambassadors are expressing their concerns on the bill. At this point, Ambassador Ruhee spoke up to assure AUSTRLiser that this issue will rank high at the next AGOA forum and that the Africans will harmonize their message and perhaps send a letter to draw attention to the negative effects of the NPDA.

17. (C) Discussions then turned to the possibility of a Bilateral Investment Treaty (BIT) between Mauritius and the United States. Ambassador Ruhee suggested that he would like to see a BIT signed in Nairobi at the next AGOA forum. AUSTRLiser cautioned that the current administration is currently reviewing all trade agreements, so at the moment no new BIT negotiations are being started. However, she said, the exploratory talks are going well and things look positive for continuing to move forward the current BIT discussions.

18. (C) The Mauritians expressed concern about Madagascar having its AGOA eligibility revoked and asked AUSTRLiser if there was a strong possibility that this could happen. AUSTRLiser explained the process of a revocation of status and then said that a way to avoid AGOA revocation would be for Madagascar to show some substantive action by this Fall. The PM noted that Mauritius, like many other SADC and AU members, believes that President Ravolamanana's removal was unconstitutional. When asked by CDA Blaser what he thinks of the different timelines for elections in Madagascar set forth by both the U.S. and AU, the PM responded that he heard these declarations but since they were released he has not heard anything else, but above all he believes that Madagascar should follow its constitution.

19. (C) CDA Blaser encouraged Mauritius to present a united front, utilizing all of its private operators that have business interests in Madagascar to maintain pressure on the Malagasy politicians and to champion democratic ideals. She added that businesses must not take a parochial view, but rather speak out because there is a lot at risk for Mauritius and the region in the long-term. Patrick Coleman, Deputy Director of African Affairs, USTR, also noted that 50,000 jobs tied to AGOA are on the line for Mauritian firms in Madagascar, so they should be concerned. The PM and Ambassador Ruhee took these points on board.

10.(C) The rest of the conversation focused on the site of this year's upcoming AU summit. The PM offered poignant insight into the process of choosing this year's venue. The PM noted that this year is SADC's year to host the summit,

and added that all of the SADC countries want it to be held in Mauritius. He further noted that Libya sent in its invitation a day before the coup and was ruled ineligible. According to the PM, however, after this ruling Libya sent an envoy to Mauritius, Zambia, and South Africa to persuade them to let Libya host. The PM said that the South Africa representative told him that he wants the conference to be held in the SADC region this year, because Libya is slated to host next year.

¶11. (C) Comment: The meeting with the PM provided the visiting U.S. TIFA delegation with a good context of issues of concern for Mauritius, including its wider interests in the SADC region, and set the stage for the subsequent TIFA Council discussions. The PM has shown a great interest in increasing trade linkages to the U.S. after the reinstatement of the Third Country Fabric derogation, for which his administration and former Ambassador Ruhee have been lauded. The initial efforts have been commendable. Recent concrete initiatives to educate and assist local small and medium enterprises to access the U.S. market include the early April AGOA week, hosted by the Ministry of Industry, and other endeavors undertaken by private and public groups such as the Mauritius Export Association, the Joint Economic Council, Enterprise Mauritius, and the Board of Investment. The Embassy believes that with Ambassador Ruhee's return to Mauritius, the positive momentum from Mauritius to take advantage of AGOA will likely be sustained. Likewise, we believe that Mauritius will continue to be a strong partner in international trade fora. End comment.

¶12. (U) Note: AUSTRLiser was not able to clear this cable before her departure.

BLASER